



NEWMARK

Manhattan
Office Market

1Q26



NMRK.COM

Market Observations

Available space has declined eight consecutive quarters, falling 25.1 MSF since 1Q24 and lowering availability from 19.5% to 14.6%.

Leasing recorded 12.9 MSF in the first quarter, the highest output since 4Q19, driven by Bank of America's 2.4-MSF renewal & expansion at 1 Bryant Park.

Tech/Media requirements reached the highest level in more than 10 years at 8.8 MSF, 22.1% of which is from Artificial Intelligence firms.

The resurgence of the tech sector has driven availability down in the Midtown South market to 16.9%, the lowest level since 4Q20.



Direct availability in Midtown trophy assets dropped 30 basis points to 3.4%. The direct availability rate within the trophy set has not registered a quarterly rise since 1Q23.

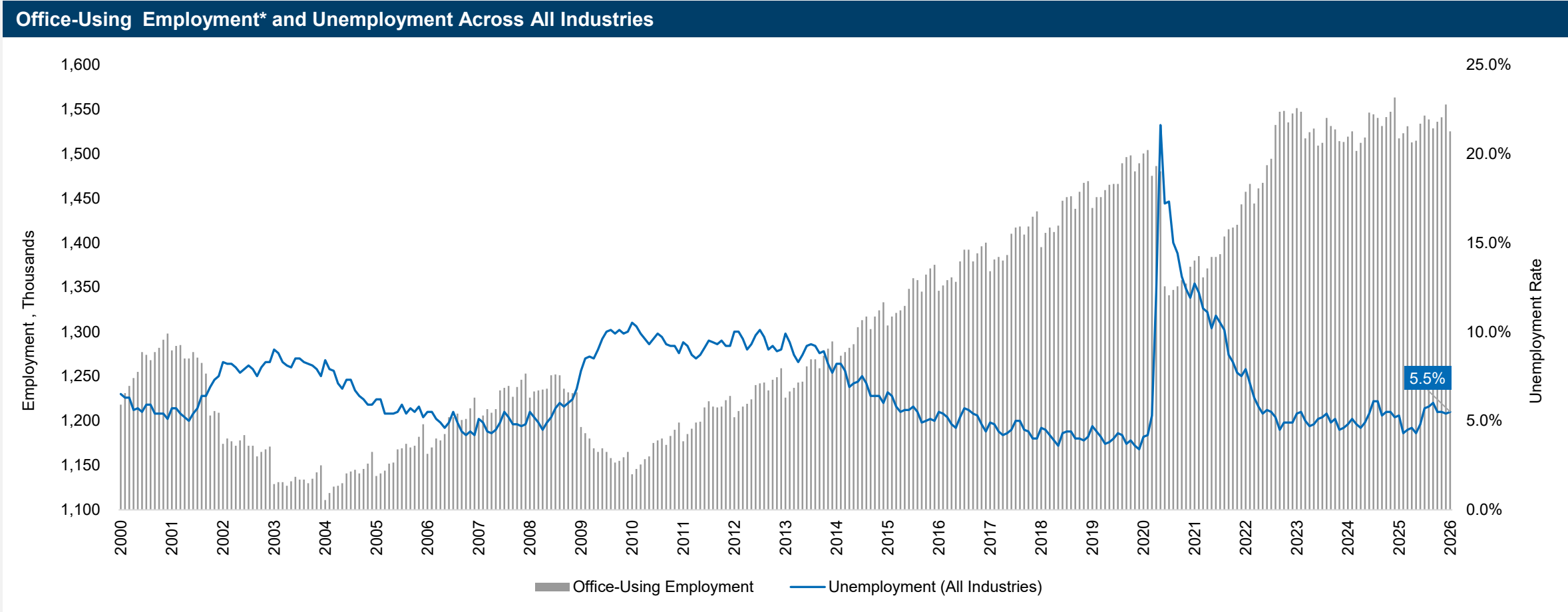
Rental rate recovery continued as overall asking rents grew to \$78.25/SF. Manhattan overall rents remain 4.2% below the 1Q20 average, yet Midtown class A asking rents are 9.3% higher.

Absorption closed the first quarter at 344,630 SF, marking three consecutive quarters of positive absorption for the first time since 2014.

16.7 MSF has either commenced conversion or is planning to do so, following 3.9 MSF of buildings converted since 2020

Overall Office-Using Employment

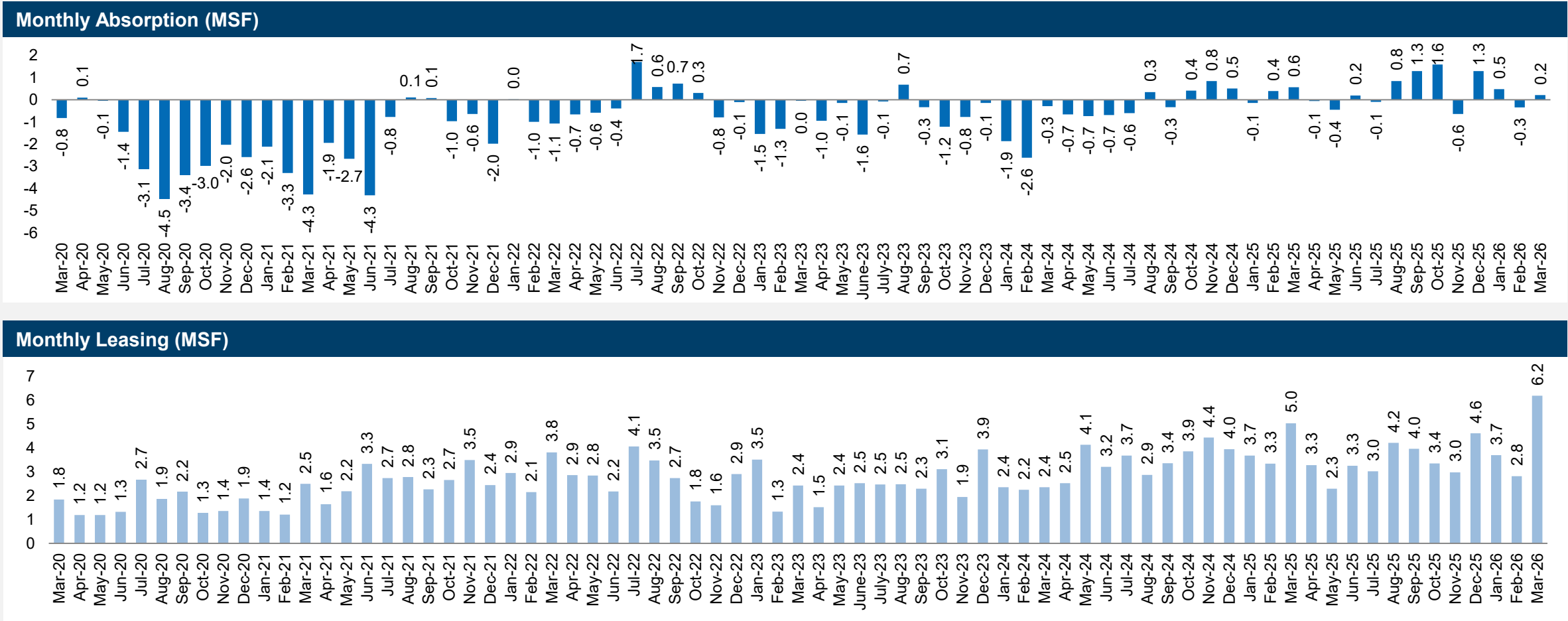
Office-using employment remains below the December 2024 peak as economic uncertainty has prompted a slowdown in hiring. Following five months of consecutive decreases and unreported October numbers, local unemployment recorded a 10-basis point rise to 5.5% January 2026.



Source: U.S. Bureau of Labor Statistics, New York City
 Note: January 2025 data is preliminary.
 *Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

Manhattan Absorption and Leasing Activity

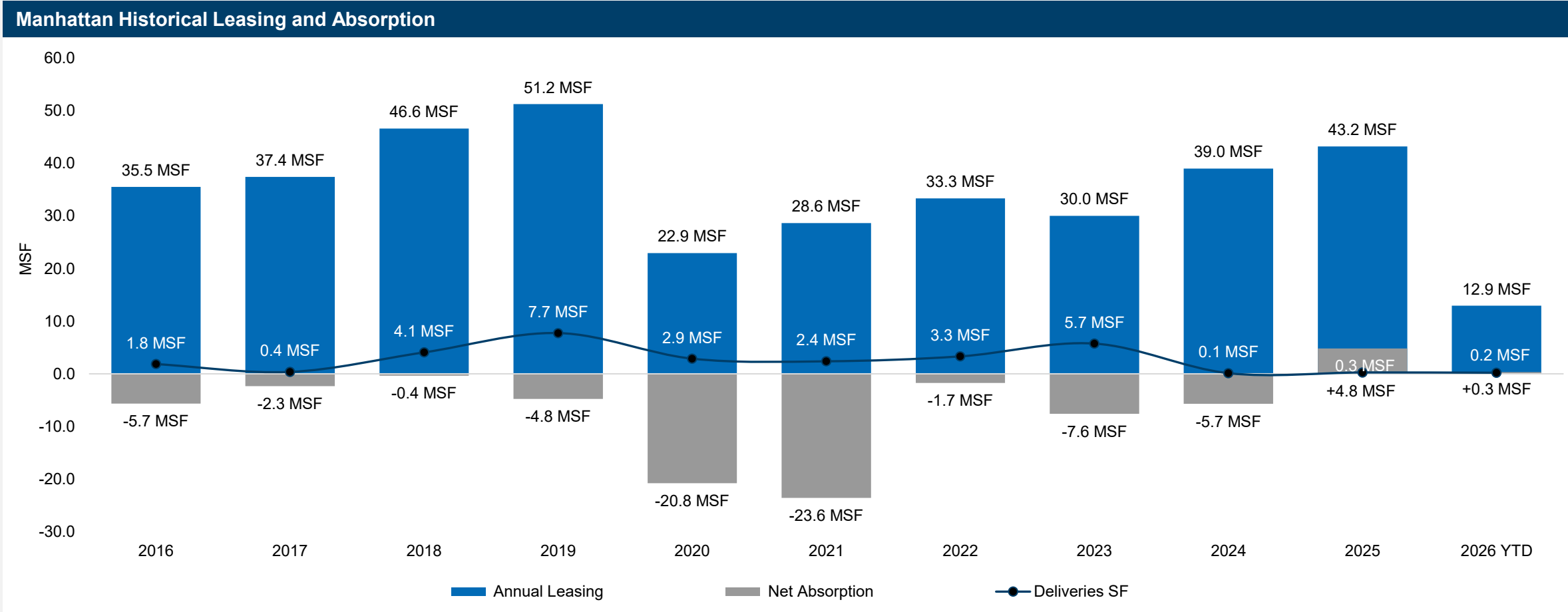
March 2026 leasing activity recorded 6.2 MSF, the highest level of leasing since April 2019. Despite significant large block additions, absorption ended the month positive, driven by robust leasing.



Source: Newmark Research

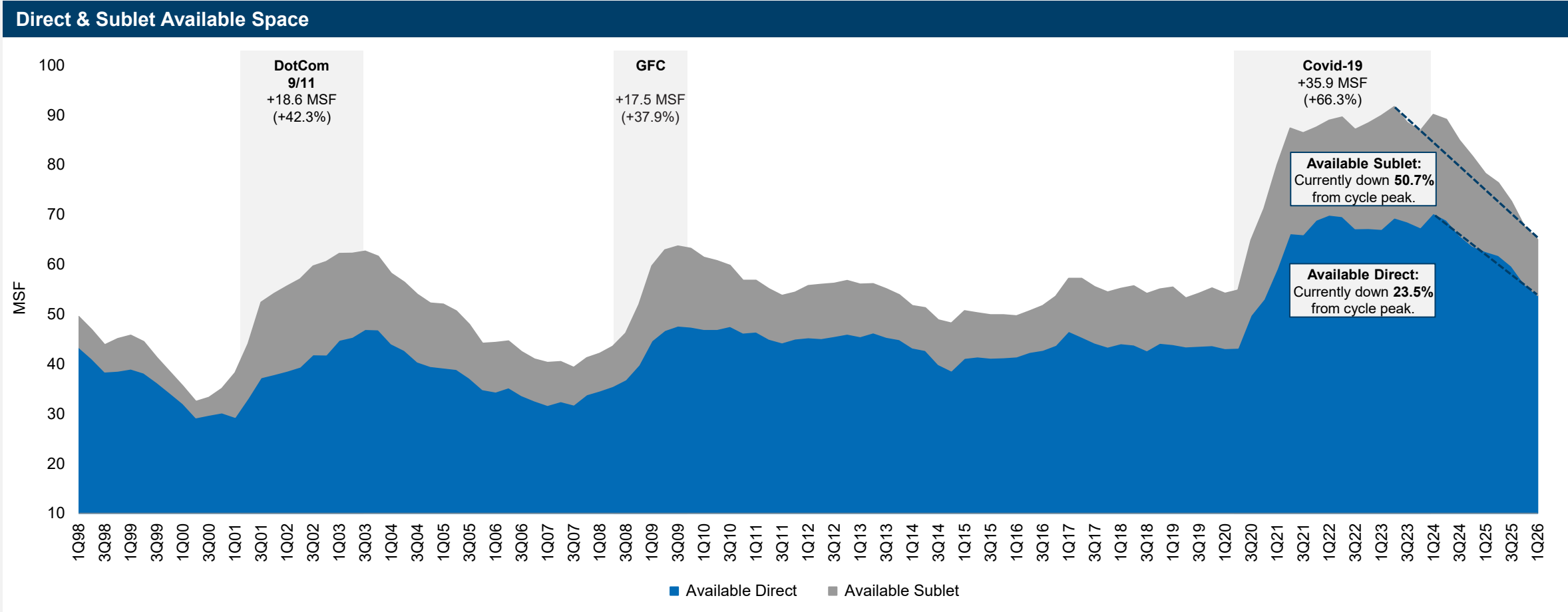
Leasing and Absorption Analysis

Net absorption registered 0.3 MSF through March, marking four of the past five quarters with positive absorption in Manhattan. The strongest quarterly leasing output since 2019, reaching 12.9 MSF, drove improving market fundamentals to start the year. Annual construction deliveries are expected to remain minimal with only 210,886 SF delivering in 2026.



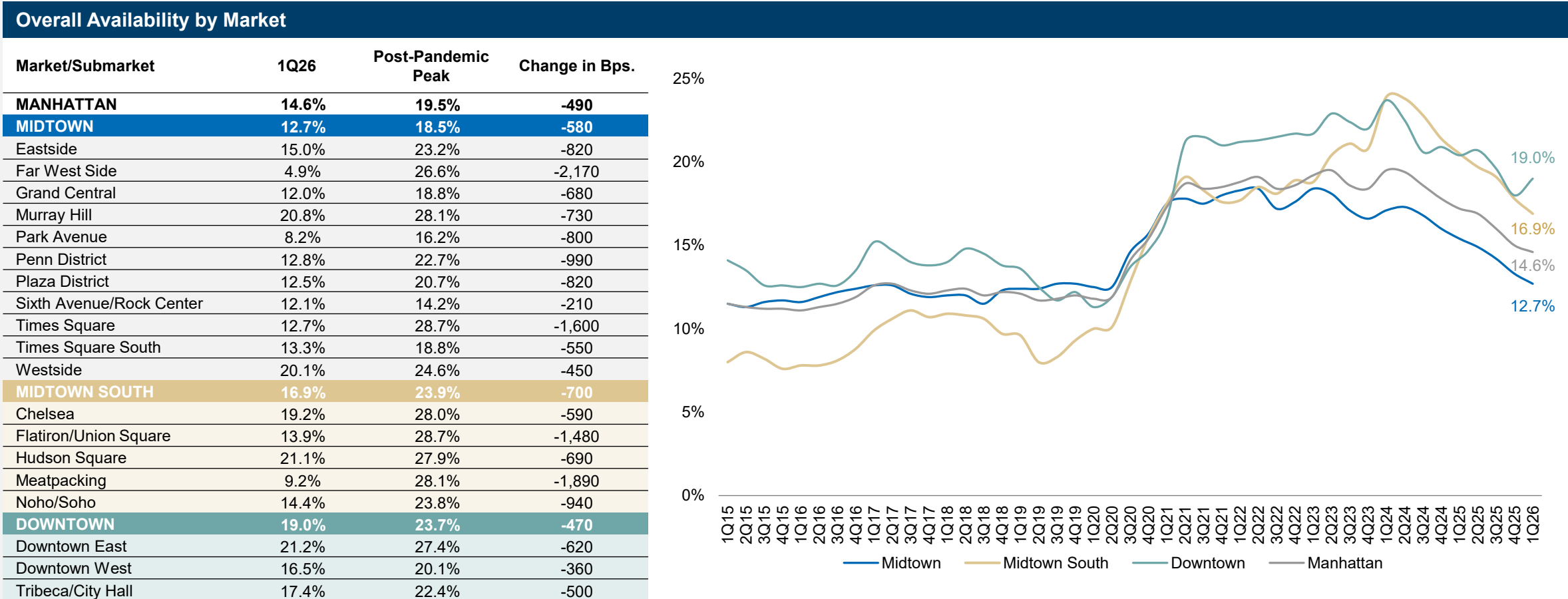
Historical Availability Composition

Total available space has continued to decline, falling a total of 25.1 MSF over the past two years. Sublease space has decreased 50.7% from its peak in 1Q23 and is currently below 4Q19 levels.



Manhattan Market/Submarket Comparison | Availability

Manhattan overall availability dropped 40 basis points quarter-over-quarter to 14.6%, marking an eighth consecutive quarter of decreasing availability and the lowest level since fourth quarter 2020.



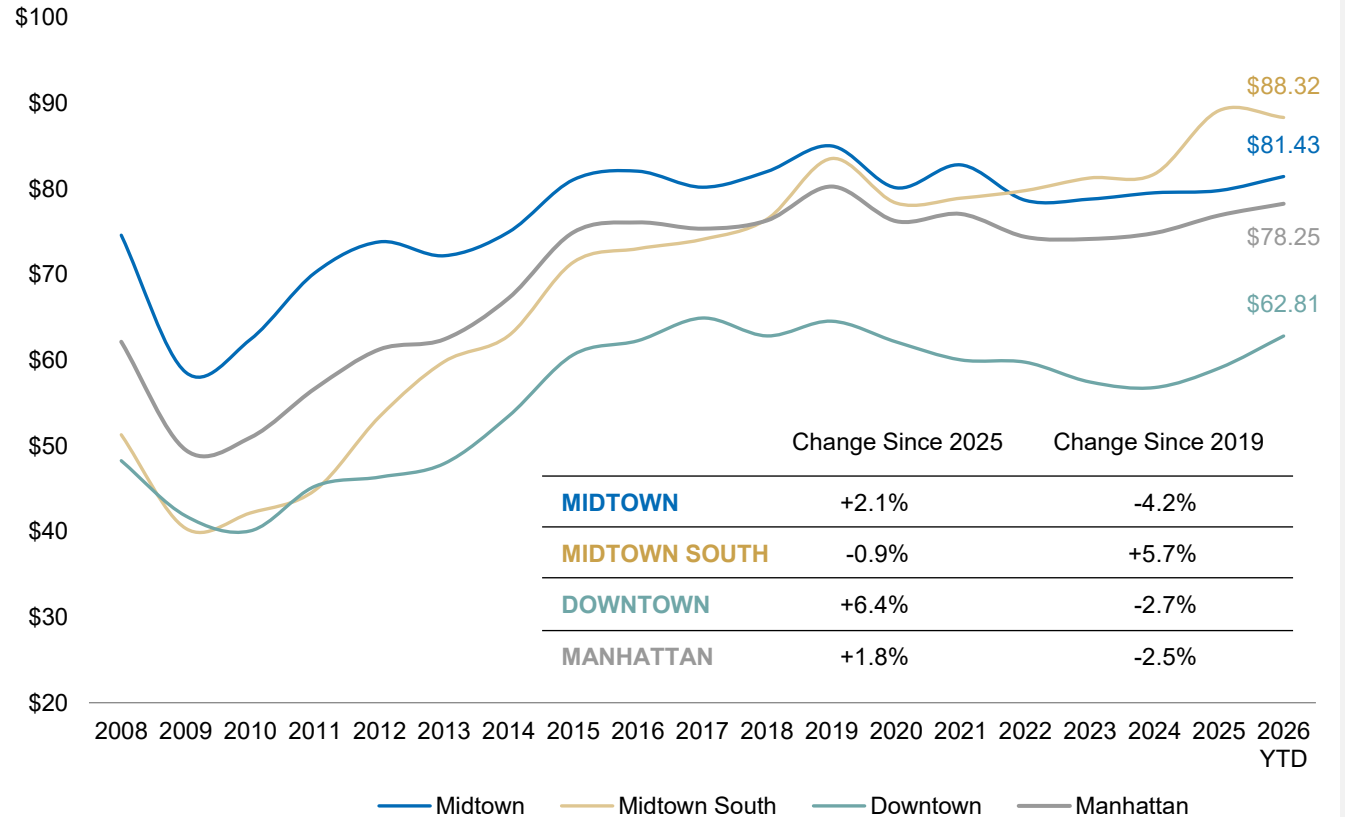
Source: Newmark Research

Manhattan Market/Submarket Comparison | Asking Rents

Rental rate recovery continued in the first quarter as overall asking rents grew \$1.36/SF. Twelve of the nineteen submarkets recorded increases from year-end, driven by significant quarterly changes in the Downtown and Midtown markets.

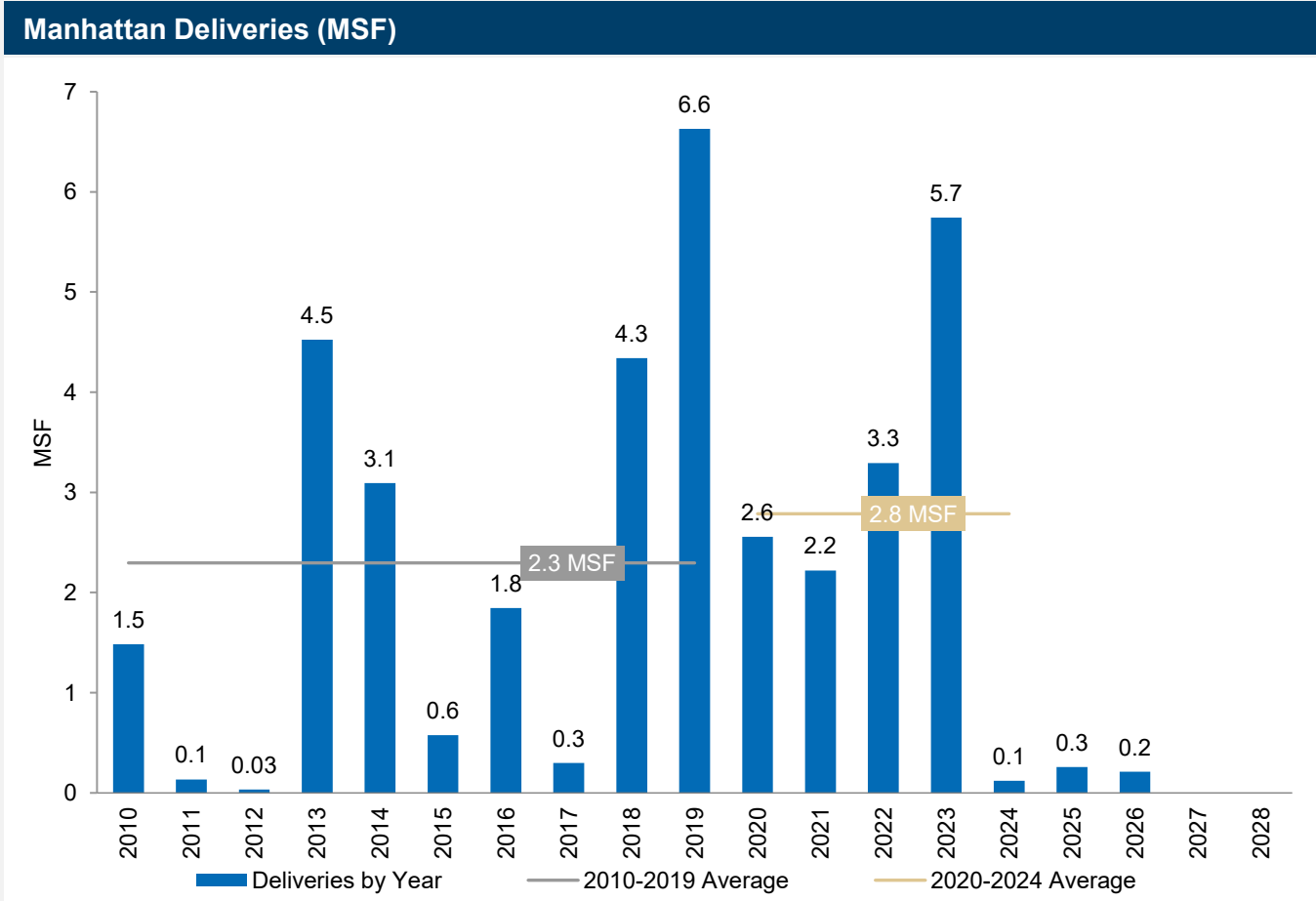
Average Asking Rent by Market (\$/SF)

Market/Submarket	1Q26	1Q25	YoY Change
MANHATTAN	\$78.25	\$74.80	4.6%
MIDTOWN	\$81.43	\$78.58	3.6%
Eastside	\$72.10	\$67.60	6.7%
Far West Side	\$138.89	\$131.30	5.8%
Grand Central	\$75.56	\$67.92	11.2%
Murray Hill	\$65.33	\$61.52	6.2%
Park Avenue	\$117.30	\$118.37	-0.9%
Penn District	\$74.27	\$73.81	0.6%
Plaza District	\$107.38	\$111.61	-3.8%
Sixth Avenue/Rock Center	\$100.90	\$93.87	7.5%
Times Square	\$78.34	\$70.84	10.6%
Times Square South	\$53.91	\$52.05	3.6%
Westside	\$66.97	\$66.49	0.7%
MIDTOWN SOUTH	\$88.32	\$83.11	6.3%
Chelsea	\$84.71	\$79.70	6.3%
Flatiron/Union Square	\$87.18	\$80.02	8.9%
Hudson Square	\$93.25	\$84.62	10.2%
Meatpacking	\$104.81	\$106.66	-1.7%
Noho/Soho	\$94.36	\$93.97	1.1%
DOWNTOWN	\$62.81	\$58.01	8.3%
Downtown East	\$57.89	\$54.35	6.5%
Downtown West	\$70.16	\$61.53	14.0%
Tribeca/City Hall	\$65.20	\$70.52	-7.5%



Construction Velocity

The Manhattan office market has experienced a significant shift in supply over the past fifteen years, adding 45.4 MSF since 2010. Minimal new construction deliveries are expected over the next few years. 520 Fifth Avenue delivered 210,886 SF in the first quarter, the only building set to deliver this year. Additional deliveries are expected to pick up in the 2030s, beginning with 343 Madison Avenue, 70 Hudson Yards and 570 Fifth Avenue.

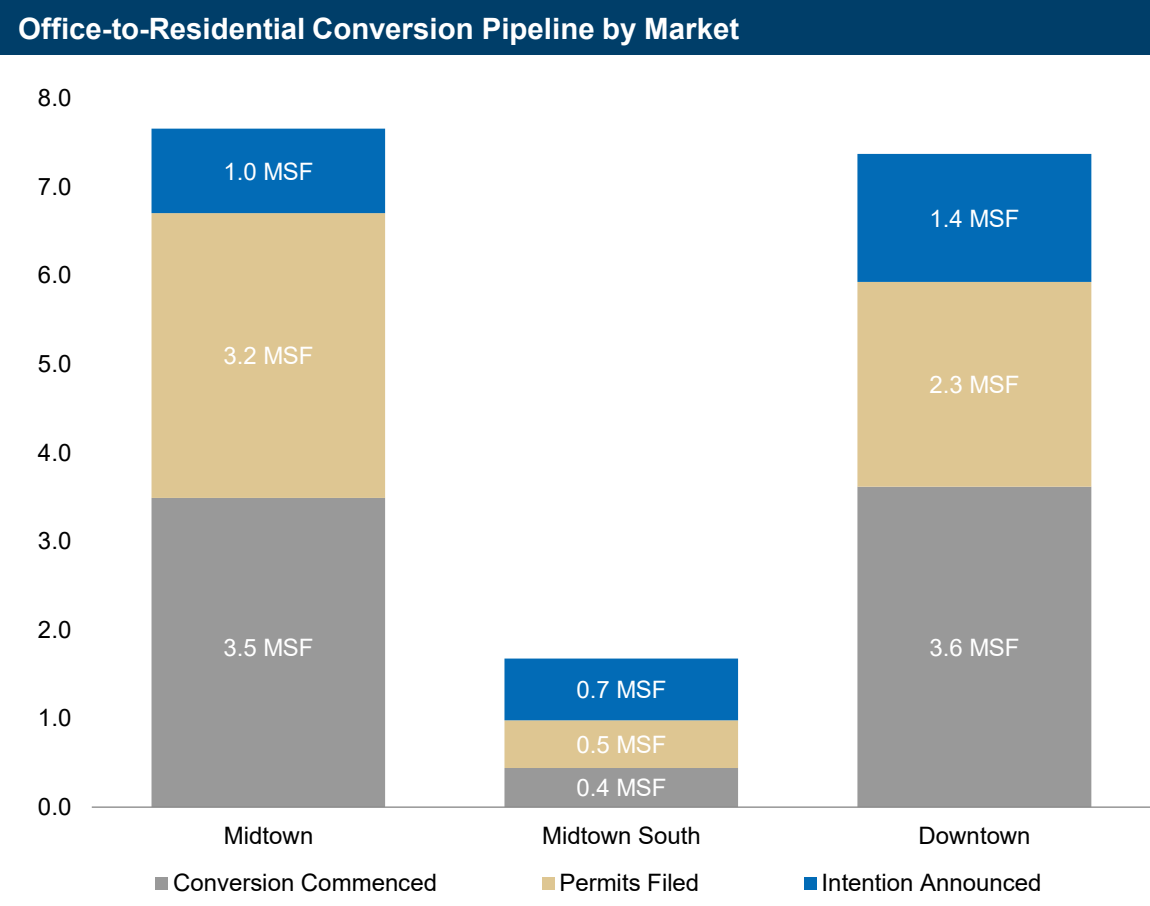
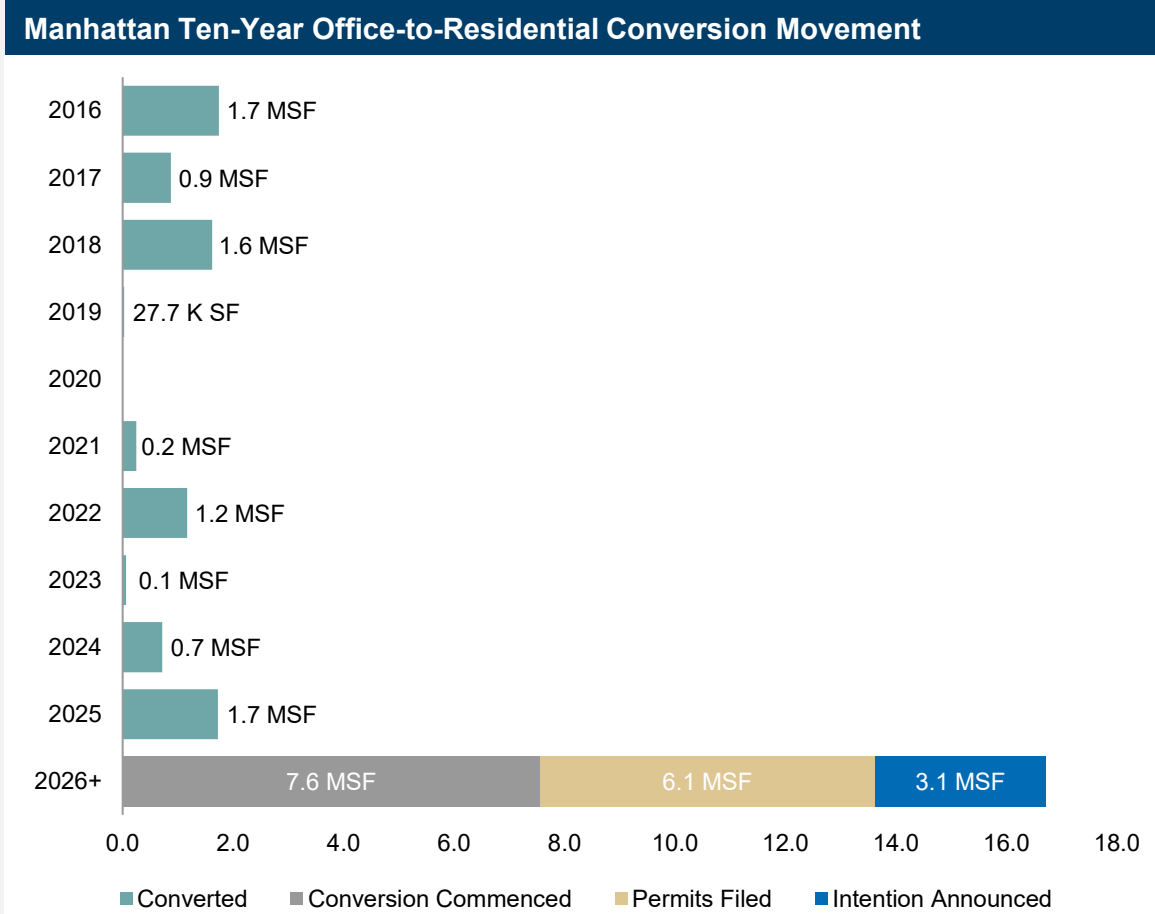


New Construction Overview - 2010-Present

Building	RBA Added	# of Buildings	Direct Availability Rate
MT	28.6 MSF	29	3.7%
MTS	8.8 MSF	45	23.7%
DT	8.1 MSF	5	6.0%
Overall	45.4 MSF	79	8.0%

Office to Residential Conversions

There is 16.7 MSF of active and planned office to residential conversions in Manhattan, following 3.9 MSF of buildings converted since 2020. Construction has commenced for the conversion of twenty-one buildings, ten located in Midtown, seven in Downtown, and four in Midtown South.

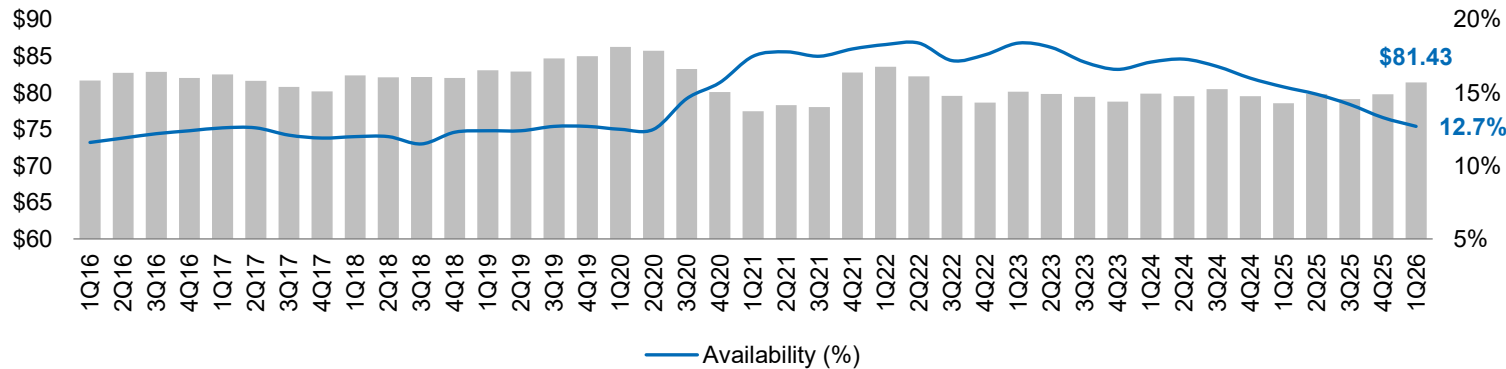


Source: Newmark Research
 Note: "active" includes commenced and planned conversions

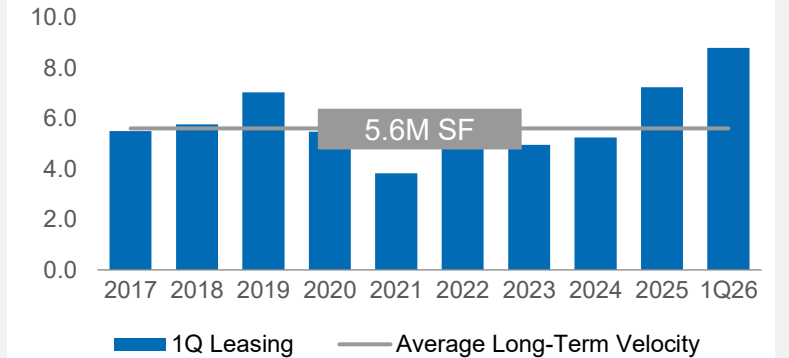
Midtown Market Overview

Leasing in Midtown remained strong during the first quarter of 2026, totaling 8.8 MSF, a 21.5% increase year-over-year. Three of the five largest transactions were renewals and/or expansions, as limited large-block availability continued to constrain relocation options. The average asking rent rose \$1.64/SF to \$81.43/SF, while availability fell for the seventh consecutive quarter to 12.7%, its lowest point since second quarter of 2020.

Availability Rates & Asking Rents



Leasing Activity



First Quarter Top Deals

				
1 Bryant Park	343 Madison Avenue	245 Park Avenue	685 Third Avenue	5 Manhattan West
Bank of America	CV Starr	The Carlyle Group	CBIZ	J.P. Morgan
2.4 MSF	275,000 SF	150,036 SF	144,000 SF	139,332 SF
Direct Renewal & Expansion	Direct New	Direct New	Direct Renewal & Expansion	Sublease Expansion

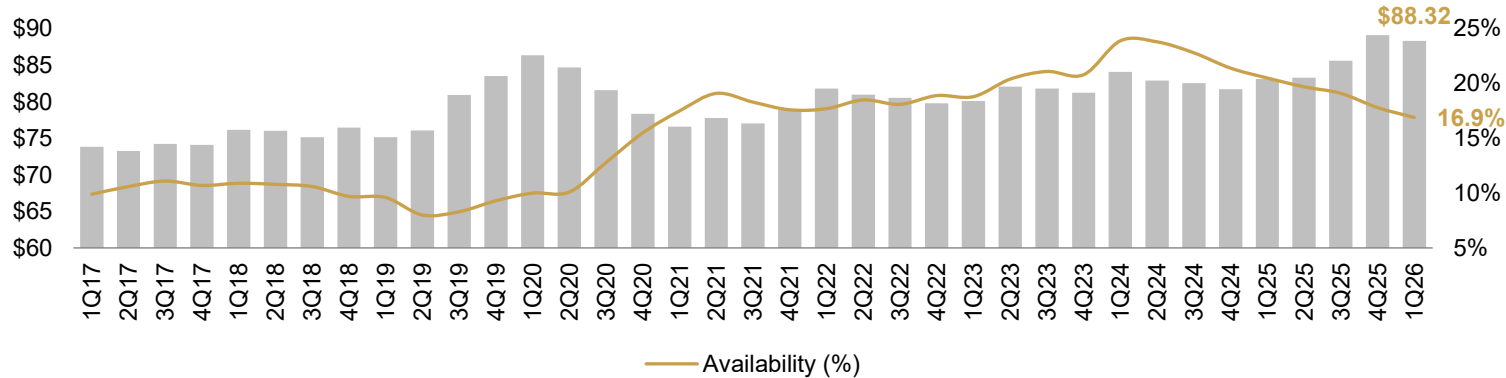
Select Tenants in the Market/Upcoming LXD's

Tenant	Size (SF)	Current Location
PwC	1.0M+	300 Madison Avenue 90 Park Avenue
Societe Generale	500K+	245 Park Avenue
McDermott Will & Schulte	450K+	1 Vanderbilt Avenue 919 Third Avenue
Balyasny Asset Management	250K+	767 Fifth Avenue 65 East 55th Street
Morgan Lewis	250K+	101 Park Avenue

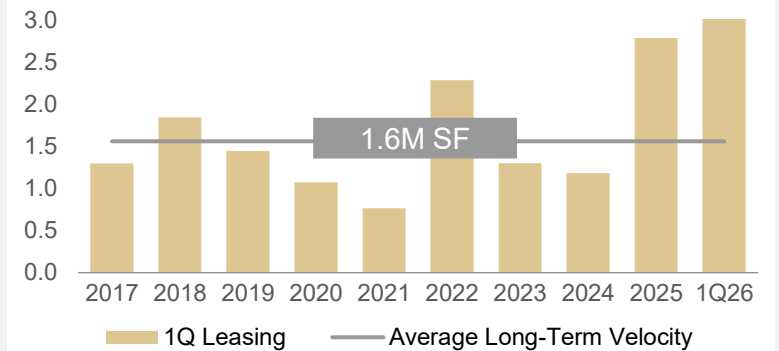
Midtown South Market Overview

Midtown South posted 3.0 MSF of leasing activity in the first quarter, marking its strongest performance since 3Q19. Availability fell 90 basis points to 16.9%, the lowest level since 4Q20. Mirroring the broader Manhattan trend, three of the five largest transactions were renewals and/or expansions. Despite a \$0.81/SF quarterly decline, the average asking rent of \$88.32/SF remains historically high, ranking as the second-highest on record.



Availability Rates & Asking Rents



Leasing Activity



First Quarter Top Deals

				
28-40 West 23rd Street	345 Hudson Street	95 Morton Street	11 Madison Avenue	1 Madison Avenue
Ramp	PayPal	Fanatics	Clay	Harvey AI
285,303 SF	260,872 SF	213,092 SF	163,095 SF	92,663 SF
Direct Extension & Expansion	Direct New	Direct Renewal & Expansion	Direct New	Direct Expansion

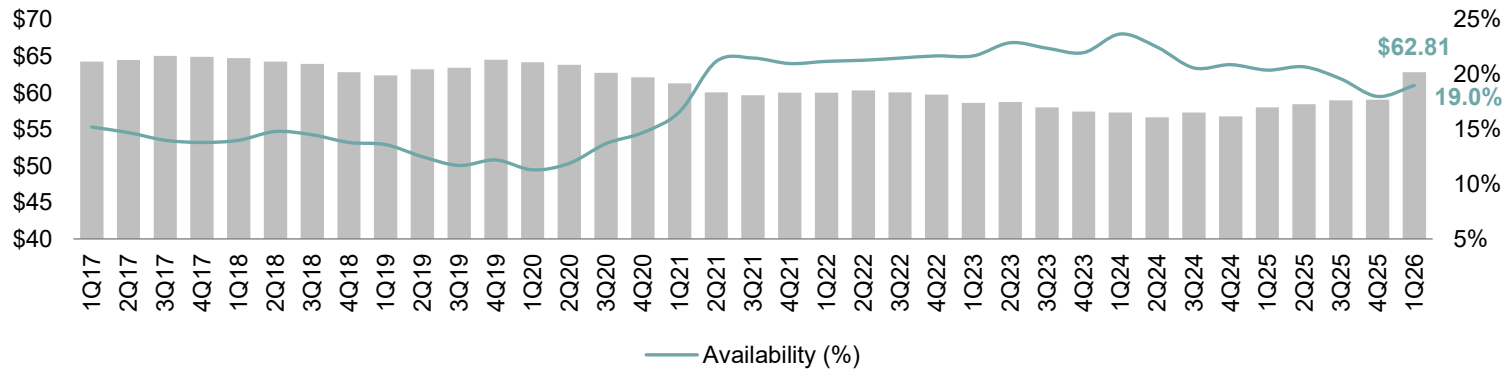
Select Tenants in the Market/Upcoming LXD's

Tenant	Size (SF)	Current Location
Two Sigma	600K+	100 Ave of Americas 101 Ave of Americas
Anthropic	350K+	155 Ave of Americas
Palantir	300K+	620 Ave of Americas
On Running (On Cloud)	150K+	165 Mercer Street
Cursor AI	150K+	5 Crosby Street

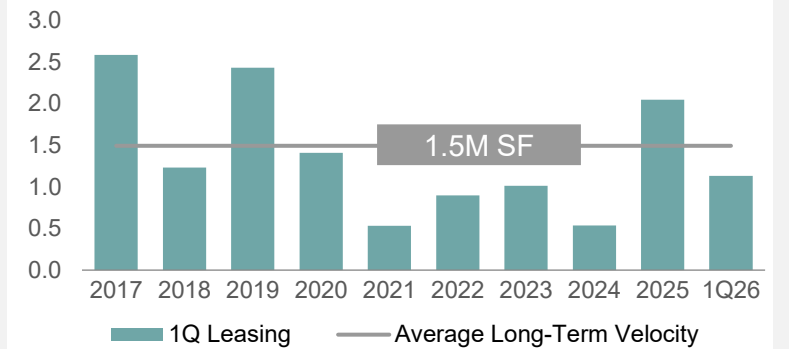
Downtown Market Overview

Downtown quarterly leasing totaled 1.1 MSF, down 44.7% year-over-year. During the first quarter, American Express committed to own and occupy 2 World Trade Center, a 2.0-MSF-plus development site, which is not reflected in leasing volume. Average asking rents climbed \$3.76/SF to \$62.81/SF, reaching their highest level since the second quarter of 2020. Availability rose to 19.0% driven by more than 700,000 SF of available space added at 7 World Trade Center, as Moody's plans to relocate to 200 Liberty Street.





Availability Rates & Asking Rents



Leasing Activity



First Quarter Top Deals

				
233 Broadway	120 Broadway	1 World Trade Center	3 World Trade Center	39 Broadway
ShoP Architects PC	Adaptive	Energy Capital Partners Management	McKinsey & Company	Fedcap
56,196 SF	51,220 SF	44,133 SF	44,032 SF	37,760 SF
Direct Renewal & Expansion	Sublease New	Direct Expansion	Direct Expansion	Direct New

Select Tenants in the Market/Upcoming LXD's

Tenant	Size (SF)	Current Location
Hudson River Trading	500K+	3 World Trade Center
J Crew	300K+	225 Liberty Street
WilmerHale	250K+	7 World Trade Center
Healthfirst	250K+	100 Church Street
Oppenheimer	250K+	85 Broad Street

1Q26 Market Statistics

Submarket Statistics								
Market	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Midtown	286,805,958	3,895,000	12.7%	780,206	780,206	\$85.54	\$60.10	\$81.43
Eastside	24,168,603	0	15.0%	-82,825	-82,825	\$74.76	\$44.51	\$72.10
Far West Side	19,297,299	1,370,000	4.9%	382,110	382,110	\$139.56	\$134.07	\$138.89
Grand Central	47,083,881	2,525,000	12.0%	158,616	158,616	\$79.70	\$55.34	\$75.56
Murray Hill	7,820,796	0	20.8%	-38,880	-38,880	\$66.38	\$52.42	\$65.33
Park Avenue	24,603,197	0	8.2%	204,153	204,153	\$118.50	\$108.80	\$117.30
Penn District	22,406,252	0	12.8%	-146,064	-146,064	\$74.35	\$73.90	\$74.27
Plaza District	25,209,822	0	12.5%	154,224	154,224	\$109.51	\$96.00	\$107.38
Sixth Ave/Rock Center	45,381,986	0	12.1%	-238,395	-238,395	\$104.20	\$70.19	\$100.90
Times Square	11,591,783	0	12.7%	108,016	108,016	\$78.40	\$69.50	\$78.34
Times Square South	35,544,716	0	13.3%	73,238	73,238	\$54.88	\$49.12	\$53.91
Westside	23,697,623	0	20.1%	206,013	206,013	\$81.56	\$41.29	\$66.97
Midtown South	76,428,150	0	16.9%	641,411	641,411	\$90.23	\$74.04	\$88.32
Chelsea	28,623,567	0	19.2%	-95,465	-95,465	\$86.16	\$73.64	\$84.71
Flatiron/Union Square	23,466,984	0	13.9%	544,429	544,429	\$88.34	\$69.00	\$87.18
Hudson Square	10,473,320	0	21.1%	148,550	148,550	\$94.98	\$85.22	\$93.25
Meatpacking	1,657,047	0	9.2%	58,457	58,457	\$105.80	\$89.00	\$104.81
NoHo/SoHo	12,207,232	0	14.4%	-14,560	-14,560	\$100.64	\$62.29	\$94.36
Downtown	83,294,650	0	19.0%	-1,076,987	-1,076,987	\$67.78	\$46.75	\$62.81
Downtown East	42,495,188	0	21.2%	-747	-747	\$61.38	\$45.61	\$57.89
Downtown West	34,529,744	0	16.5%	-1,090,425	-1,090,425	\$78.44	\$47.77	\$70.16
Tribeca/City Hall	6,269,718	0	17.4%	14,185	14,185	\$68.65	\$50.18	\$65.20
Manhattan	446,528,758	3,895,000	14.6%	344,630	344,630	\$82.54	\$57.51	\$78.25

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